

STATE OF CALIFORNIA  
BOARD OF ADMINISTRATION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

RESOLUTION

No. ~~AESDACT~~-98-001

Subject: **Actuarial Policies - Adjustment of Actuarial Factors Used in the Administration of Benefits~~Equivalent Option Factors~~**

~~WHEREAS, On November 3, 1992, the people of the state of California passed Proposition 162, which amended Article XVI, section 17 of the California Constitution ("Section 17"), granting the CalPERS Board of Administration plenary authority and fiduciary responsibility for investment of moneys, providing for actuarial services, and administration of the Public Employees' Retirement System, the Judges' Retirement System, the Legislators' Retirement System, and the Volunteer Firefighters' Length of Service Award (collectively "the Systems").~~

~~WHEREAS, Section 17, requires the CalPERS Board to exercise its responsibility with respect to the Systems, subject to continuing fiduciary duties and specifies that the duty to participants and their beneficiaries takes precedence over any other duty.~~

~~WHEREAS, The provisions of Section 17 expressly supersede any contrary provision of law or the Constitution.~~

~~WHEREAS, In furtherance of its sole and exclusive duty to provide actuarial services under Section 17, the CalPERS Board has hired a Chief Actuary to advise the Board and to direct the activities of the Board's professional actuarial staff.~~

~~WHEREAS, Also in furtherance of this sole and exclusive duty to provide actuarial services, the CalPERS Board has retained the services of an outside consulting actuarial firm, to review the work of the Board's actuarial staff and to certify that such work satisfies professional actuarial standards.~~

~~WHEREAS, Both the CalPERS Board's Chief Actuary and its consulting actuary have advised the Board to adopt specific written policies regarding the actuarial practices that are most prudent for the Systems. Now therefore be it:~~

~~WHEREAS, 1. In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the "Board") is vested with the management and control of~~

Adjustment of Actuarial Factors Used in the Administration of Benefits  
Adjustment of Actuarial Equivalent Option Factors

the Public Employees' Retirement System (the "System").

WHEREAS, 2. Under Article XVI, section 17 of the California Constitution, the Board has plenary authority and fiduciary responsibility for the investment of monies and administration of the System. The Constitution also vests the Board with the sole and exclusive power to provide for the actuarial services in order to assure the competency of the System.

WHEREAS, 3. In furtherance of its sole and exclusive duty to make actuarial determinations under Section 17, the Board has hired a Chief Actuary to advise the Board and to direct the activities of the Board's professional actuarial staff.

WHEREAS, 4. Also in furtherance of this sole and exclusive duty to make actuarial determinations, the Board has retained the services of an outside consulting actuarial firm to review the work of the Board's actuarial staff and to certify that such work satisfies professional actuarial standards.

WHEREAS, 5. Both the Board's Chief Actuary and its consulting actuary have advised the Board to adopt specific written policies regarding the actuarial practices that are most prudent for the System.

NOW, THEREFORE, BE IT RESOLVED:

RESOLVED, (A) It is the policy of the CalPERS Board to review the appropriateness of the actuarial equivalent option factors, service credit purchase factors as well as any other actuarial factors used in the administration of retirement benefits whenever there is a change in ~~either~~ the post-retirement mortality tables, inflation assumption, ~~or~~ the actuarial investment return assumption or any other actuarial tables used for purposes of the annual actuarial valuation of the liabilities of the system, but not less frequently than every ten years.

RESOLVED, (B) A~~That~~ any changes to the actuarial equivalent option factors described above shall require Board approval.

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Adjustment of Actuarial Factors Used in the Administration of Benefits  
Adjustment of Actuarial Equivalent Option Factors

This Resolution shall be effective immediately upon adoption.

I hereby certify that this Resolution was originally made and adopted by the Board of Administration of the California Public Employees' Retirement System on March 18, 1998 and was amended on December 14, 2011.

~~I hereby certify that on the 18th day of March 1998, the Board of Administration of the California Public Employees' Retirement System made and adopted the foregoing Resolution.~~

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ROB FECKNER, President  
Board of Administration